EXTENSIONS OF REMARKS

AFFORDABLE HOUSING IMPROVEMENT ACT

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1998

Mrs. JOHNSON of Connecticut. Mr. Speaker, today the gentleman from Washington [Mr. METCALF] and I are introducing the Affordable Housing Improvement Act, a measure that would: Increase the cap on the low-income housing tax credit, which has not been adjusted for inflation since it was originally enacted in 1986; index the cap for inflation; implement several administrative reforms recommended by the U.S. General Accounting Office and the Ways and Means Subcommittee on Oversight; allow the use of the credit for developing community service areas for programs such as child care, Head Start, and job training, designed to serve individuals in the community who may not live in the credit-financed housing but who meet the income requirements of the housing credit program; and encourage the use of the credit to revitalize existing communities.

Last year, the Oversight Subcommittee held two hearings on the administration of the low-income housing tax credit program. We learned that:

The need for low income housing is greater than ever. Census data showed an unmet demand for affordable housing of more than 5 million units in 1996. The Census Bureau projects that this number will climb to 8 million units by the year 2000.

The program provides better housing than traditional public housing programs because private investors have a stake in making sure the structures are well-built and maintained—a condition of receiving the credit.

Investor demand for the credit has increased since its enactment in 1986. This greater demand has stimulated more competition, resulting in an increase in private equity raised per credit dollar. Nationwide, developer demand for housing credits now exceeds supply by more than 200 percent. This means States have a wider variety of proposals from which to choose.

Mr. Speaker, this is a good program. It enjoys strong support on both sides of the aisle. It combines good public policy with private sector innovation and efficiency. But it can be improved.

In our hearings, we learned that 43 percent of the households in properties placed in service between 1992 and 1994 were one-person households and 24 percent were two-person households. Only one-third of the units were occupied by three or more people. To encourage the States to allocate credits for developments for families with children, the bill will require allocating agencies to include ''tenant populations of individuals with children'' in criteria they use in allocating credits.

The bill would also encourage the use of the credit to revitalize existing communities. In our hearings, we learned that most of the buildings—an estimated 73 percent—placed in service between 1992 and 1994 were newly constructed; the rest were existing and rehabilitated buildings. Many older neighborhoods have extensive stocks of housing that could be rehabilitated and converted to low-income rental use or improved for continued low-income rental use. However, these projects are often more expensive and more difficult to develop. The bill would create a preference for projects which contribute to ''a concerted community revitalization plan,'' and it would require States to include ''whether the project includes the use of existing housing as a part of a community revitalization plan'' in the selection criteria.

The measure would allow combining the housing credit with HOME funds in high cost areas, and it would allow the use of the credit for community service areas for programs such as child care, Head Start, and job training.

We also learned of several opportunities to improve the administration of the credit and they are included in this bill. The bill would: require the submission of a timely and comprehensive market study to the allocating agency for a proposed development, prepared by a neutral party commissioned by the developer and approved by the allocating agency; require that a written explanation be available to the general public for any allocation of credits which is not made in accordance with established priorities and collection criteria; require allocating agencies to include in their qualified allocation plans requirements for regular site visits and enforcement of habitability requirements; require that State agency fees be limited to no more than the costs incurred by an allocating agency in administering the tax credit program; and provide that States that over-allocate their share of credits will experience a reduction in the following year's tax credits.

Mr. Speaker, the Clinton administration has proposed increasing the per capita cap, and the gentleman from Nevada [Mr. ENSIGN] has introduced a bill to increase the per capital cap and index it for inflation as well. I support their efforts. But we must improve the credit. I would encourage my colleagues to join the gentleman from Washington and me in sponsoring the Affordable Housing Improvement Act of 1998.

INTRODUCTION OF A RESOLUTION URGING CONTINUED FISCAL DISCIPLINE

HON. JIM DAVIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1998

Mr. DAVIS of Florida. Mr. Speaker, today I introduce a resolution calling on Congress to maintain fiscal discipline during this year's budget process and to focus our attention on reducing the national debt and ensuring the long-term solvency of the Social Security system.

After decades of deficit spending, Congress and the Administration have taken the difficult steps necessary to eliminate the budget deficit and restore overdue fiscal responsibility to the federal government. From an all-time high of $290 billion just six years ago, the unified budget deficit is projected to be eliminated as soon as this year, with some forecasters now predicting a growing surplus in the unified budget.

Despite this good news, we must put these near-term projections in the broader context of the long-term budget outlook and remember that those decades of deficit spending have saddled the federal government with a publicly-held debt of nearly $3.8 trillion. This year, the interest payments alone on the debt will account for 14% of all federal spending or roughly 244 billion taxpayer dollars. These are dollars which could have been used much more wisely, and unless Congress preserves the projected surpluses, this debt is the legacy we are poised to leave to our children and grandchildren.

Congress must take advantage of the current economic growth and positive budget outlook to reduce this debt burden and address the solvency of critical programs such as Social Security. Reduced government borrowing will increase economic growth, raise future standards of living, encourage greater saving and investment, and help prepare our nation for the retirement of the baby-boom generation.

Certainly, we will have debates over additional spending and targeted tax relief, but I believe these discussions should be within the framework established by last year's historic bipartisan budget agreement. Furthermore, I believe the economic benefits of debt retirement far outweigh the short term impact of spending increases or tax cuts and therefore should be our first priority as we begin to craft this year's budget.

The resolution I introduce today states simply that during this year's budget process, Congress should focus on reducing the publicly held debt, addressing the solvency of the Social Security system, and maintaining the fiscal discipline which put us on the path to a balanced budget. Now is not the time to let spending fever grip Congress and I urge all of my colleagues to support this common sense initiative.

PERSONAL EXPLANATION

HON. BILL REDMOND

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1998

Mr. REDMOND. Mr. Speaker, I ask unanimous consent to insert into the RECORD immediately after Roll Call Vote number 19 that I would have voted in the negative on this amendment. I was unavoidably detained.